ing economy where we have this happier problem than the reverse, that we can make the decision rationally.

Do you not feel that this is going to take much greater concern by the economic profession and then hopefully, by the public? There is a tremendous political force, of course, for keeping Government expenditures under control. We know it has happened in the last couple of years, how enormously they have increased. We know that Dr. Schultze, when I asked him, said the end of the Vietnam war is not going to mean much of a cutback in defense expenditures. Nitze, when he testified before the Senate Appropriations Committee, said he thought we would have a budget of $75 million for defense after the Vietnam war is over. We have $82 million now, so not much of a saving is anticipated.

Under these circumstances and with the terrific problem of the cities and all the other demands that we are going to have that are now built in, we must continue and must expand. Unless we get something of this kind, it seems to me, that we are going to have the same pressure for keeping spending down but it is going to be much less rational. We are going to get a serious dissipation of the investment we should bring to bear in the areas where we should bring it to bear.

Mr. Harberger?

Mr. HARBERGER. Mr. Chairman, let me try to explain the apparent apathy of my colleagues. I think that Professor Eckstein and I are sort of quixotic in the interests and energies that we have put into the improvement of criteria for evaluation of public sector actions. When you actually think about how one could raise money in this country and improve economic efficiency, we first have the agriculture program under which, for the last several years, we have spent about $4 or $5 billion a year to take land out of cultivation, while with the other hand the Government is spending money on irrigation dams to bring land into cultivation. It does not take an economist to see that these two operations are working at cross purposes and one could save money on both sides and have the same amount of effectively cultivated acreage as we have now.

You look at the sugar program which is not only highly costly in terms of money, but is also highly costly in terms of total consumer welfare in the United States. The cost of this program to the economy as a whole has been estimated as high as $500 million a year.

You look at the oil depletion problem and the possibility of saving Federal money or raising further Federal money by a more rational approach to that.

These are things that are counted in the billions of dollars. Some of my colleagues look at the sort of thing I do and accuse me of nitpicking on the corners, trying to solve the last details of appropriate interest-rate policy or to explore the last nuances of the criteria by which we should measure benefits and costs. What about the big issues. If we cannot get people to recognize the wastes that are involved in so many obvious cases in our Federal spending pattern, how can we ever expect to get people down to the point where they are going to recognize the comparatively smaller differences about which this sort of analysis is concerned?

Chairman PROXMIRE. Now, we are talking about the biggest kind of investment. Dr. Eckstein and you, too, Dr. Harberger, have referred